

## Pebble Tapes 13- Ron Thiessen and American Politics

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00:00:03,003 --> 00:00:14,180

We believe that we're gonna get what's called the Record of Decision. That's the end of federal permitting and we believe that will come to us in about mid-September.

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00:00:14,723 --> 00:00:22,981

So then Biden almost becomes irrelevant because we need no more federal permits. After that we only need construction permits and those are all issued by the State of Alaska.

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00:00:25,900 --> 00:00:31,573

And the governor of the State of Alaska is very much onside with resource development, Pebble in particular.

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00:00:33,241 --> 00:00:42,542

And when you look at history, in the last— Alaska is not that old of a state, it only became a state in 1949— and these Clean Water Act and NEPA,

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00:00:42,792 --> 00:00:54,971

these emerged in the mid-1970s from a federal standpoint. So when you go back 30, 35 years in Alaska there's never been a case where a record of decision

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00:00:55,305 --> 00:01:01,936

has been issued based on a final EIS where the construction permits from the State of Alaska haven't been forthcoming.

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00:01:02,645 --> 00:01:15,533

(New Clip) and I'm happy to provide you with a lot more background on all of this, but in effect a lot of it is history because we are so close to the end of it.

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00:01:15,867 --> 00:01:27,295

We are in what I like to call the 'silly season' which is the final stages of a presidential election and everything, people have something to say about comments,

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00:01:27,921 --> 00:01:34,010

but it's the kind of season that once it's over everybody forgets what everybody promised to do.

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00:01:35,470 --> 00:01:37,180

You aren't held to your promises.

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00:01:37,680 --> 00:01:52,153

(New Clip) There's no certainty with who will win this election. I mean, last time around nobody expected Trump to win. I mean even ourselves, we were preparing for Hillary Clinton victory

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00:01:52,529 --> 00:02:01,663

and we were shocked at the outcome on the night of the election.

In fact, the fellow that runs Pebble,

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00:02:01,996 --> 00:02:13,800

Tom Collier, the CEO of what we call Pebble Limited Partnership, the company that owns the asset, he is a lawyer that specializes in permitting

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00:02:14,008 --> 00:02:19,055

but he also ran the Department of Interior during the Bill Clinton administration.

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00:02:19,305 --> 00:02:22,892

Investigator: Oh! With the democrats then?

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00:02:23,518 --> 00:02:35,738

Ronald Thiessen: Yes. And he's a lifelong Democrat, he knows the Clintons personally very well. Like I said, we were planning that it would be a Clinton victory, and then it was a Trump victory.

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00:02:36,614 --> 00:02:45,832

(New Clip) and we said if Trump wins it probably is a little bit better. Republican administrations tend to be easier on natural resource permitting than Democratic

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00:02:45,957 --> 00:02:58,052

but even under Democratic, if you do the right thing, Democratic administrations, you've accomplished it. So again, who will win this victory, this presidential election?

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00:02:58,219 --> 00:03:00,221

I still think it's very much up in the air.

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00:03:01,055 --> 00:03:12,901

(New Clip) If we don't have the ROD issued before the election, because Biden if he gets elected he becomes the Commander in Chief, so he becomes the head of the Army.

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00:03:13,276 --> 00:03:24,787

So yes, he can delay it but he can't turn around and say 'you can't issue the permit to them. The ROD is negative.' A ROD decision has to be made,

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00:03:25,079 --> 00:03:35,840

and that decision has to be negative or positive, and it has to be based on the FEIS. Now the FEIS says this thing doesn't cause material damage here,

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00:03:36,007 --> 00:03:46,225

doesn't cause material damage here, is great socio-economic opportunity here, plus they mitigated any of the wetlands impact. So it can't be negative.

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00:03:51,564 --> 00:04:06,246

His official, statutory record is positive. So it's how long could he delay it. And if he delays it too much, it becomes in effect a taking, an expropriation.

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00:04:06,746 --> 00:04:17,715

And then there's statute dealing with expropriation. In the Obama years when Obama tried to make a decision on Pebble without an appropriate record, which was a pre-emptive veto,

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00:04:18,549 --> 00:04:32,397

the courts stopped them. We were easily successful in the courts shutting that down. But during that period, the State of Alaska said what you're trying to do is without statutory authority

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00:04:33,898 --> 00:04:46,536

and in our view it's a taking, an expropriation. And if it's determined to be a taking by the courts, we expect compensation. The State of Alaska said 'We want one trillion dollars for Pebble'

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00:04:46,953 --> 00:04:56,170

because the state owns the mineral rights. And because that letter went to the White House, an official letter, then the Department of Justice had to get involved.

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00:04:56,629 --> 00:05:04,345

And the Department of Justice then looked at it, and while the Department of Justice didn't want to find the White House guilty, they said

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00:05:04,804 --> 00:05:14,147

'If it turns out you do not have the statutory authority this is a taking. The cost to the Federal Treasury will be \$700 -800 billion at least.'

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00:05:15,606 --> 00:05:29,746

So I mean it's, while it's a big state, there's a small population and especially when it comes to the political [inaudible] in Alaska.

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00:05:29,912 --> 00:05:41,090

So people tend to know each other and we have quite a few contacts into the Murkowski operation and quite a few contacts into the Sullivan operation.

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00:05:41,758 --> 00:05:54,729

As Tom said, they both were caught offguard by the press report and the news report, and they published a statement that turned out to be quite in error

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00:05:55,480 --> 00:06:05,198

and now they'd rather not have to admit error—  
Better that they're just quiet, and we're ok with that.

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00:06:05,990 --> 00:06:14,832

So we think we're going to have the— so we had meetings, face-to-face meetings with the Army Corps of Engineers, with the mitigation report

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00:06:15,124 --> 00:06:26,636

and they have basically agreed to everything and what we have to do is have the hydrological engineering company called HDR certify everything.

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00:06:27,220 --> 00:06:37,355

We – and once certified, then it's submitted and once receipted we're done with the mitigation plan. So we think that will happen before month end.

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00:06:37,730 --> 00:06:50,785

In fact it was – we were shooting for 10 days, two weeks from Monday of this week so could be another, I'm gonna say 10 days, and we think we'll have that in.

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00:06:51,160 --> 00:07:03,297

I can send you an email or a WhatsApp update on the timing of that probably later today. I'll phone Tom and ask Tom how HDR is going,

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00:07:03,464 --> 00:07:10,638

but the people from HDR were in all the meetings and they're one of America's leading hydrology companies.

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00:07:12,682 --> 00:07:22,525

And the guy that runs HDR in Alaska is an exArmy Corps of Engineers colonel and he used to run the Army Corps of Engineers in Alaska 1990s.

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(New Clip) 00:07:23,442 --> 00:07:36,873

Well the interesting part is that we were running a commercial on Fox News about no politics in permitting on the Pebble Mine.

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00:07:37,165 --> 00:07:46,841

And a person in the commercial was saying exactly that, so Donald tweeted the exact quote out of the commercial that was the Pebble commercial:

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00:07:47,091 --> 00:08:02,106

'No politics on Pebble permitting.' So it was, he actually did use our exact words. I didn't write the tweet for him, but he probably [inaudible] our tweet.

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00:08:02,565 --> 00:08:08,571

Investigator: Do you think it's gonna help?  
Ronald Thiessen: Well I think it's made it very clear

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00:08:08,863 --> 00:08:13,659

that he intends there will be no political interference in any of this stuff.

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(New Clip) 00:08:14,535 --> 00:08:23,169

Well, yes, because I think the chatter about Pebble will die down because everybody's gonna want to talk about Ruth Ginsberg.

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00:08:23,711 --> 00:08:30,051

You see, during elections people want to create issues to talk about, especially the press.

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00:08:31,052 --> 00:08:43,648

Well, a Supreme Court justice of the United States, you probably can't much more important than a Supreme Court justice. They're probably more important than a Vice President.

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00:08:44,857 --> 00:08:50,863

And so, a) that means that there's less chatter about Pebble. We go about our business quietly then.

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00:08:51,280 --> 00:09:08,047

And b) we think that the fact that this issue has arisen now makes it probably even better for Trump's reelection.

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00:09:09,966 --> 00:09:16,264

Investigator: Why?

Ron Thiessen: Just because it'll draw more conservatives to come out to vote.

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00:09:16,430 --> 00:09:24,063

It'll be like a plebiscite, a proxy, on Trump and the Supreme Court.

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00:09:24,397 --> 00:09:41,872

See the Republicans always want very conservative justices and it's a really, like I said, a Supreme Court justice is probably more important than a Vice President of the United States.

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00:09:42,290 --> 00:09:53,259

Supreme Court justices make these monumental decisions, whereas the Vice President really is just a figurehead until the President dies and then he happens to come in.

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00:09:54,176 --> 00:10:01,559

But the Supreme Court justices are very key to all kinds of issues.

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00:10:03,185 --> 00:10:15,156

So it'll really pull, I think, a lot of Republicans who might not like Donald Trump and would not vote, but they're gonna want a Supreme Court justice in so they're gonna come

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00:10:15,197 --> 00:10:16,824

and get active and go vote.

### **Pebble Tapes 13 - Business Model and Financing**

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00:00:03,628 --> 00:00:17,642

This is history. We spent over \$150 million preparing for permitting in environmental baseline studies. And other scientific studies.

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00:00:17,934 --> 00:00:30,238

And then the permitting process itself we spent \$100 million on. I would say that we probably spent more than three times as much as the average

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00:00:30,739 --> 00:00:42,375

but we knew that we were in a controversial area. And so we needed to answer all the questions with far more detail than I would say normally is the case

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00:00:42,876 --> 00:00:50,842

(New Clip) the United States the permitting is the hardest thing to get through. And it typically takes two to ten years.

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00:00:51,634 --> 00:01:03,021

And we've been at Pebble, I mean it's, the hard permitting part of it has been about two and three quarter years, but we've spent probably ten years getting ready for it.

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00:01:04,773 --> 00:01:19,871

We've owned Pebble since 2002. We've spent almost a billion dollars in total on the project today. And have built nothing. There's nothing physical, there's not even a road to the site.

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00:01:21,706 --> 00:01:32,091

We did all the work with helicopters. Everybody went in and out with helicopters. All the drill rigs went in and out in helicopters. All the drill core came out in helicopters.

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00:01:32,675 --> 00:01:39,390

(New Clip) What is your business model? At the very beginning we thought you were a mining company,

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00:01:40,058 --> 00:01:46,773

and then later on we feel that, I think we understood it the way that you're more of a mining management company?

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00:01:47,398 --> 00:01:54,114

So you run the business, you run the project, you make it work, and then you sell it to other people who actually do the work?

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00:01:54,989 --> 00:02:06,292

Let me explain a little. Both are right. We are a mining company. We operate the second largest copper mine in Canada. It's a large mine.

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00:02:06,668 --> 00:02:20,640

It produces about 135 million pounds of copper a year in concentrate. Most of that concentrate is shipped to China. We're building a in-situ leach copper mine in Florence, Arizona.

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00:02:21,516 --> 00:02:39,742

We go about looking for projects like the one in Tibet, something where there's been an interesting discovery and then we take that project to what we think is an engineering feasibility,

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00:02:39,909 --> 00:02:50,503



economic feasibility, and at that point we typically make decisions. Is it something that we will build ourselves? Or we will bring partners in? Or we will sell.

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00:02:51,254 --> 00:03:01,055

And any of and all of those are open and available to us. You know Pebble is probably the size and scale that it would be a challenge for us to build it on our own.

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00:03:01,598 --> 00:03:14,777

It's a plus-five billion capital expenditure. And it's typical in our business that these kinds of projects are done by joint ventures or consortiums.

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00:03:15,820 --> 00:03:26,915

And that's how we see Pebble being developed ultimately. I mean even the Resolution project in Arizona is a joint venture between BHP and Rio. Rio has 55, BHP has 45.

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00:03:27,123 --> 00:03:34,464

Escondida, the biggest mine in the world, is a joint venture of BHP, Rio Tinto, Mitsubishi, and the State of Chile.

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00:03:34,881 --> 00:03:40,637

And do you have any partners now for precisely, how is it looking the partnership?

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00:03:40,637 --> 00:03:53,483

We don't. We own 100% of the project today. We've had partners in past. We had Rio Tinto that at one point was up to a 20% shareholder of Northern Dynasty.

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00:03:54,067 --> 00:04:08,831

And they exited that. Another party, a private group, with natural resource background bought that. They're our largest shareholder today. A family office private equity called Sterling Global.

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00:04:10,500 --> 00:04:24,305

And Rio invested \$200 million in the company and that's how part of the billion dollars that was spent. Anglo American came in as a 50-50 partner at asset level in 2007.

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00:04:24,806 --> 00:04:38,486

Funded \$575 million worth of expenditures and then had to leave. And they wanted to put the project in care of maintenance but they couldn't without our permission.

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00:04:39,237 --> 00:04:49,539

And we wanted to go ahead and go through permitting and they said they simply couldn't because they were bleeding too much money because of operations in South Africa

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00:04:49,664 --> 00:05:03,845

and in particular in Brazil, Minas -Rio. So they had to walk away and the deal we had was they had to spend \$1.5 billion to vest at 50%.

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00:05:04,220 --> 00:05:18,234

They'd spent \$575 million so they walked away with nothing. So that's how we got up to \$775 million funded in the project. The rest we financed ourselves and equited [inaudible] ourselves.

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00:05:18,401 --> 00:05:31,080

We are running a process today where we're talking to several major mining companies about the possibility of joining the partnership, or the joint venture if you will,

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00:05:31,789 --> 00:05:35,334

to see this project go ahead once we've got the ROD in place.

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00:05:35,668 --> 00:05:41,883

Investigator: So everything will be triggered by the, as you said the ROD?

Ronald Thiessen: The ROD. Yes

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00:05:42,133 --> 00:05:47,597

Investigator: And those partners are they international, national US?

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00:05:47,889 --> 00:05:49,891

Ronald Thiessen: They're the usual suspects.

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(New Clip) 00:05:51,559 --> 00:06:00,610

We want to put together a partnership arrangement – we bring the asset and they bring the necessary financing to put the project into production.

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00:06:01,360 --> 00:06:14,791

So the total CapEx on this in round numbers is going to be about 5.5 billion. We believe the State of Alaska and other entities in Alaska will fund most of the infrastructure for about 1.5

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00:06:14,999 --> 00:06:22,799

so the net is \$4 billion, a combination of equity and bank financing.

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(New Clip) 00:06:23,049 --> 00:06:33,851

If you go through your due diligence and you say 'Listen Ron, I'm interested in investing in this project. Now here's what I'm thinking of quantity -wise,'

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00:06:34,268 --> 00:06:37,313

then we'll see how we can make that happen.

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00:06:41,776 --> 00:06:54,705

(New Clip) Our, I mean, my professed desire is to remain in as a partner, but you know, again, we're a smaller operation.

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00:06:54,747 --> 00:07:04,340

This is the only asset Northern Dynasty has, although the organization behind Northern Dynasty, Hunter Dickinson, has other operating mines in North America.

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00:07:04,924 --> 00:07:16,978

So there are several strategies that could be deployed, but typically I say first goal is we remain as a partner.

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00:07:17,854 --> 00:07:30,283

If these large companies don't want a partner that is a single-asset company, then they'd want to buy us out. That's not unusual and those conversations always take place.

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00:07:31,492 --> 00:07:43,546

And that's you know - I can guarantee a partnership interest. I can sign that as the CEO of the company. But I can't sell the company on my signature – that they have to take the shareholders.